

POLYTECH SCHOOL DISTRICT
INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING
AGREED-UPON PROCEDURES

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Independent Accountants' Report on Applying Agreed-Upon Procedures

The Honorable Lillian M. Lowery
Secretary, Department of Education
Townsend Building, Suite 2
401 Federal Street
Dover, DE 19903-1402

Dianne G. Sole, Ed.D.
Superintendent
Polytech School District
823 Walnut Shade Road
Woodside, DE 19980

Dear Secretary Lowery and Dr. Sole:

We have performed the procedures enumerated below, which were agreed to by the Department of Education (DOE) and Polytech School District (District) solely to assist you, the specified parties in evaluating the compliance and effectiveness of the District's internal control over compliance with DE Code Chapters 13 and 17, Senate Bill 385 and DE Admin Code Title 14 Subsections 525, 701 and 925. Procedures were performed for student accounting and enrollment as of September 30, 2008. In addition, procedures were performed for authorized positions and occupational-vocational unit Division II funding for fiscal year ended June 30, 2008. Management is responsible for the District's internal control over compliance with the requirements related to the above areas.

This agreed-upon procedures attestation engagement was performed in accordance with Government Auditing Standards, issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

STUDENT ENROLLMENT

Agreed-Upon Procedure Number 1: Determine if the District's policies and procedures for preparing, reviewing and reporting the September 30 student count are adequate.

Finding:

Criteria

The State of Delaware Budget and Accounting Policy Manual states, "Department or agency heads are responsible for establishing and maintaining an effective system of internal control." Further, the manual states, "A well designed system of controls must include written policies and procedures to ensure that each control objective is met." State of Delaware regulations provide guidance on processes it considers

Agreed-Upon Procedure Number 1 - Continued:

Criteria - Continued

necessary for adequate written internal controls over preparing, reviewing and reporting the September 30 student count.

Condition

We obtained the District's written policies and procedures regarding the September 30 student count. Our review determined that the necessary processes identified by the State of Delaware are included in the District's written policies and procedures.

Agreed-Upon Procedure Number 2: Determine if the District properly reported enrollment figures to the DOE. Calculate the dollar impact of disallowed students, if applicable.

Finding:

Criteria

State of Delaware Administrative Code Title 14 Chapter 700 Subsection 701 entitled "Unit Count"

Condition

While performing the procedure above, we found the District reported enrollment figures to the DOE in accordance with State of Delaware Administrative Code Title 14 Chapter 700 Subsection 701.

Agreed-Upon Procedure Number 3: Select ten percent (10%) or a minimum of five "Individualized Education Program" (IEP) files at each school to verify that each file contains the required documentation in accordance with DOE's Administrative Manual for Special Education Services and calculate the dollar impact of disallowed students, if applicable.

Finding:

Criteria

State of Delaware Administrative Code Title 14 Chapter 900 Subsection 925 entitled "Children with Disabilities Subpart D, Evaluations, Eligibility Determination, Individualized Education Programs"

Condition

While performing the procedure above, we found all files selected contained the required documentation in accordance with the DOE's Administrative Manual for Special Education Services.

Agreed-Upon Procedure Number 4: Select ten percent (10%) or a minimum of five students enrolled in the Cooperative Education and Diversified Education Programs and confirm that the students' files contain the required documentation in accordance with the DOE's Administrative Directives and calculate the dollar impact of disallowed students, if applicable.

Finding:

Criteria

State of Delaware Administrative Code Title 14 Chapter 500 Subsection 525 entitled "Requirements for Career Technical Education Programs"

Condition

During the September 30 student count the District reported no students in Cooperative Education and Diversified Education Programs.

AUTHORIZED POSITIONS

Agreed-Upon Procedure Numbers 1 and 2:

- Determine if the District's control procedures for monitoring, tracking and reconciling the number of employees are adequate.
- Determine if the District's control procedures for monitoring and tracking salaries charged to the State's general fund are adequate.

Finding:

Criteria

The State of Delaware Budget and Accounting Policy Manual states, "Department or agency heads are responsible for establishing and maintaining an effective system of internal control." Further, the manual states, "A well designed system of controls must include written policies and procedures to ensure that each control objective is met." State of Delaware regulations provide guidance on processes it considers necessary for adequate written internal controls over monitoring and tracking the number of employees and salaries charged to the State's general fund.

Condition

We obtained the District's written policies and procedures regarding controls over monitoring and tracking the number of employees and salaries charged to the State's general fund. Our review determined that the necessary processes identified by the State of Delaware are included in the District's written policies and procedures.

Agreed-Upon Procedure Number 3: Compare the number of paid positions by category to the number of authorized positions per 14 DE Code, Chapters 13 and 17.

Finding:

Criteria

State of Delaware Code Title 14 Chapters 13 and 17 entitled “Salaries and Working Conditions of School Employees” and “State Appropriations”

Condition

When comparing the number of paid positions by category, utilizing the payroll report detailing wages paid on February 1, 2008, to the number of authorized positions as determined by 14 DE Code, Chapters 13 and 17 it was determined that the District was operating within its number of authorized positions by category.

Agreed-Upon Procedure Number 4: Recalculate the annual salary of the following selected positions to determine if employees were paid in accordance with 14 DE Code, Chapter 13.

Superintendents =	100%
Assistant Superintendents =	100%
Principals =	100%
Directors =	100%
Classroom Teachers =	10%

Finding:

Criteria

State of Delaware Code Title 14 Chapter 13 entitled “Salaries and Working Conditions of School Employees”

Condition

All employees selected, as detailed above, were found to be paid in accordance with 14 DE Code, Chapter 13.

OCCUPATIONAL-VOCATIONAL UNIT DIVISION II FUNDS

Agreed-Upon Procedure Number 1: Obtain confirmation from the DOE if the District was granted a waiver of the 90% requirement to allocate the occupational-vocational unit Division II funding to each school that generated the funding.

Finding:

Criteria

State of Delaware Code Title 14 Chapter 17 Subsection 1706 entitled “Determination of Amount of Division II Appropriation”

Agreed-Upon Procedure Number 1 - Continued:

Condition

The District consists of only one vocational high school. The need to request and be granted a waiver from the 90% requirement allocation of occupational-vocational unit Division II funding is not applicable.

Agreed-Upon Procedure Number 2: Select a sample of FY07 and FY08 occupational-vocational funds expended from July 1, 2007 through June 30, 2008 to determine if they were (1) expended for State-approved occupational-vocational courses and programs within the District and (2) supported by adequate documentation and (3) properly coded in the Delaware Financial Management System (DFMS). Our sample was selected as follows:

For funds received during FY07 (0265-07 funding) but spent during FY08, and for funds received and spent during FY08 (0265-08 funding), select 10 transactions between the range of \$100 to \$1,000 and 10 percent of transactions greater than \$1,000 or a minimum of 5 transactions and maximum of 25.

Finding:

Criteria

State of Delaware Code Title 14 Chapter 17 Subsection 1706 entitled "Determination of Amount of Division II Appropriation"

Condition

All expenditures examined, relating to FY07 and FY08 occupational-vocational funding, were determined to be supported by adequate documentation and properly coded in the Delaware Financial Management System (DFMS). Not all expenditures examined were determined to be directly related to State-approved occupational-vocational courses; however, the DOE confirmed these expenditures were within the guidelines of allowed 0265 funds to be used at the discretion of the district office.

Agreed-Upon Procedure Number 3: Review financial records to determine if FY07 and FY08 occupational-vocational funds were properly allocated to and spent by the schools within the District that generated the funding.

Finding:

Criteria

State of Delaware Code Title 14 Chapter 17 Subsection 1706 entitled "Determination of Amount of Division II Appropriation"

Condition

The District consists of only one vocational high school. Allocation of funding by school is not applicable.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on compliance with specified laws. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the DOE and the District and should not be used by those who have not agreed to the procedures and have not taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited. This report, as required by statute, was provided to the Office of Auditor of Accounts, Office of the Governor, Office of Controller General, Office of Attorney General, Office of Management and Budget, and Secretary of Finance.

Bellini, Lyons & Shuman, P.A.

January 27, 2009
Wilmington, Delaware